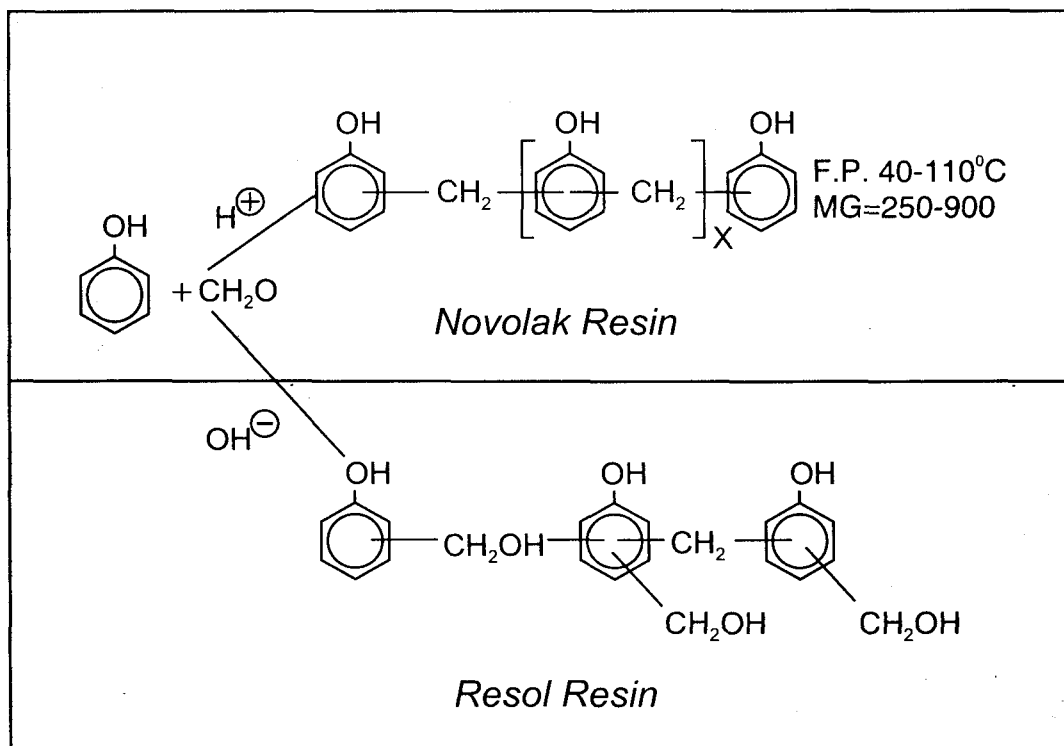


# Annual Report 2011-2012



**Sreechem Resins Limited**



# Sreechem Resins Limited

## BOARD OF DIRECTORS :

Mr. S. N. Kabra - Managing Director  
Mr. Binod Sharma - Joint Managing Director  
Mr. B. M. Banerjee - Technical Director  
Mr. Y. K. Dalmia - Non Exe. Independent Director  
Mr. Vikram Kabra - Director  
Mr. S. K. Joshi - Non Exe. Independent Director  
Mr. Sanjay Bansal - Non Exe. Independent Director  
Mr. Uttam Jhawar - Non Exe. Independent Director

## AUDITORS :

R. C. Jhawar & Co.  
Chartered Accountants

## BANKERS :

Allahabad Bank  
Red Cross Place Branch  
Kolkata - 700 001.

## SHARE TRANSFER AGENTS :

MCS Ltd.  
77/2A, Hazra Road,  
Kolkata - 700 029

## REGISTERED OFFICE :

Vill. : Jhagarpur  
Post : Rajgangpur - 770 017  
(Orissa)

## WORKS :

Unit-I Vill. : Jhagarpur  
Post : Rajgangpur  
Orissa  
Unit-II Vill. : Durramura  
Dist : Raigarh  
(C.G.)

## CORPORATE OFFICE :

23A, Netaji Subhash Road  
11th Floor, Room No. - 11  
Kolkata - 700 001  
West Bengal

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## Sreechem Resins Limited

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### NOTICE

NOTICE IS HEREBY GIVEN that the Twenty Fourth Annual General Meeting of the members of the company will be held at the **Registered Office of the Company at 10-00 A.M.** on Saturday the 29th day of September, 2012 to transact the following business :

#### ORDINARY BUSINESS :

- 1) "To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2012, the Audited Balance Sheet as on that date and the Reports of the Directors and Auditors thereon".
- 2) "To appoint Directors in place of Sri. B.M. Banerjee & Sri. S. K. Joshi, Directors who retires by rotation and being eligible, offers themselves for reappointment".
- 3) "To appoint Auditors and to authorize the Board to fix their remuneration".

Registered Office  
Vill : Jhagarpur,  
Post : Rajgangpur-770 017  
ORISSA  
Dated : the 2nd day of August 2012

By Order of the Board

S. N. KABRA  
Managing Director

#### NOTES :

1. A Member entitled to attend and vote is entitled to appoint proxy to attend and vote in his / her stead and a proxy need not be a member of the company. Proxies in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting. A blank proxy form is annexed to the Annual Report.
2. The register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 22<sup>nd</sup> September 2012 to Saturday, 29<sup>th</sup> September 2012 (both days inclusive).
3. Members who are holding shares in identical order of names in more than one folio, are requested to write to the Company enclosing their shares certificates to enable the company to consolidate their holding in one folio.
4. Members holding shares in the Physical form only are requested to inform the change of address and send Bank mandates if any to the Company's Register and Share Transfer Agents, M/s. MCS Ltd., 77/2A, Hazra Road, Kolkata – 700 029.



## Sreechem Resins Limited

### DIRECTORS' REPORT

TO  
THE MEMBERS

Your Directors have pleasure in presenting the Annual Report together with the Audited Accounts for the year ended 31st March 2012.

#### Financial Results :

(Figures in Rs. '000)

	Year ended 31.03.2012	Year ended 31.03.2011
Net Income from operations and other income	295863	304158
Profit Before Depreciation, Interest & Tax	11490	10201
Interest	5396	4347
Depreciation	4471	4179
Profit/Loss before Tax	1623	1675
Provision for Taxation	1150	1130
Deferred Tax	(569)	(775)
Profit/Loss after Tax	1042	1320
Balance Brought forward from Previous year	10596	9276
Leaving a balance to be carried forward	11638	10596

#### OPERATIONS :

Your Directors have to report that the net Income from operations for the year is Rs.29.59 crores against last years Rs. 30.42 crores exclusive of Inter Unit Transfers of Rs.7.79 crores against Rs 6.06 crores last year. The profit before taxes is Rs. 16.23 lacs against Rs. 16.75 lacs in Previous year. After provision for current taxes amounting to Rs.11.50 lacs and write back of deferred Tax Li abilities of Rs. 5.69 lacs, Net Profit amounts to Rs.10.42 lacs, against Rs.13.20 lacs last year. Adding the brought forward profit of Rs. 105.96 lacs, the balance of Rs. 116.38 lacs is carried over to the next year. The profit is lower due to higher interest and depreciation charges.

During the year both production and sales decreased marginally. The prices of raw materials remained higher through out the year and the company was able to pass on the increase in prices partially to customers. The directors expect the production and sales to be maintained in the current year. There is huge competition from other manufacturers as newer plants have come up around the customer's locations.

However as reported last year your directors are of the opinion that due to planned huge investments both green field as well as brown field by main steel producers, your Directors expect the demand to improve in coming years and your company's future looks better in longer term.

#### DIVIDEND :

Your Directors do not recommend any dividend for the year due to inadequate profit during the year.

#### PERSONNEL :

The Company does not have any employee whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975.

#### PUBLIC DEPOSITS :

The Company has not accepted any deposit from the public during the year.

#### DIRECTORS RESPONSIBILITY STATEMENT- SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed.

- that in the preparation of the annual accounts, for the financial year ended 31st March 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures;



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## Sreechem Resins Limited

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- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) that the directors had prepared the annual accounts for the financial year ended 31st March 2012, on a going concern basis.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT :**

A report on management discussion & analysis is enclosed as part "C" of the Directors Report as per requirement of the listing agreement with the Stock Exchanges.

### **DIRECTORS :**

Sri. B.M.Banerjee, & Sri S. K. Joshi Directors retires by rotation as required under the provisions of the companies Act 1956 at the ensuing Annual General Meeting and being eligible offers themselves for reappointment.

### **AUDITORS REPORT :**

The Auditors in their report have referred to the notes forming part of the accounts. The said notes are self explanatory and do not require further elucidation

### **AUDITORS :**

M/s. R.C.Jhawar & Co, Chartered Accountants, auditors, retires at the ensuing Annual General meeting and are eligible for reappointment, offers themselves for re appointment and the Board recommends their reappointment

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :**

Details regarding the present energy consumption including captive generation, technology absorption, foreign exchange earning and outgo are furnished in Annexure-'A' as per the requirements of the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

### **ACKNOWLEDGEMENTS :**

The Board wish to place on record their sincere thanks to the Employees of the Company for their sincere and hard work. The Board also wish to place on record their sincere thanks to the Company's Bankers the ALLAHABAD BANK and convey their gratitude and thanks to the Company's esteemed share holders, customers and other business associates for their support.

For and by Order of Board

Place : Kolkata  
Dated : The 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



## Sreechem Resins Limited

### ANNEXURE 'A' TO DIRECTOR'S REPORT

Information as per Section 217(1) (e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors Report for the year ended 31st March 2012

#### 1. CONSERVATION OF ENERGY :

Company has taken various steps for conservation of energy and has installed energy efficient equipments and thereby able to minimize the energy consumption.

TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM-A OF THE ANNEXURE TO THE RULES IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULED THERETO :

<b>A. POWER &amp; FUEL CONSUMPTION</b>		<b>2011-2012</b>	<b>2010-2011</b>
1. Electricity			
Purchased Unit	KWH	579095	578476
Total Amount	Rs.	3152721	2782153
Rate	Rs./KWH	5.44	4.81
2. Own Generation Through Diesel Generator			
Units	KWH	68674	72387
Unit per Litre of Diesel	KWH/ Ltr.	2.92	2.96
Cost per Unit	Rs./ KWH	13.43	11.37
<b>B. Consumption per Unit Production (Electricity)</b>	KWH/MT	138	136

#### 2. TECHNOLOGY ABSORPTION:

##### A. Research & Development (R & D)

- a. Specific areas in which R & D carried out by the Company :  
— New Product development
- b. Benefits derived as a result of above R & D :  
— Addition to the existing range of products.  
— Cost reduction
- c. Further plan of action :  
— The Company will continue to further develop the Research & Development in the above areas and identify new areas of applications.
- d. Expenditure on R & D :  
— The expenditure on R & D was incurred in developing and commercializing products and as such specific expenditure under this head cannot be classified.

##### B. Technology Absorption, Adoption and Innovation :

There is no technical collaboration agreement. The Company is manufacturing with the help of in-house developed technology. The entire range of product is manufactured through know-how developed by the Company in-house.

##### C. Foreign Exchange earnings and Outgo :

Earnings —	Rs.3049362.00 (P/Y Rs. 7037295.00)
Outgo —	Rs. NIL (P/Y Rs. 190268.00 )

For and by Order of Board

Place : Kolkata  
Dated : The 2nd day of August, 2012

S. N. Kabra  
Managing Director

Binod Sharma  
Jt. Managing Director



## Sreechem Resins Limited

### ANNEXURE 'B' TO DIRECTOR'S REPORT

#### CORPORATE GOVERNANCE REPORT

(a) **Company's philosophy**

The Company Firmly believes in and continues to practice good Corporate Governance. The Company's essential character is shaped by the very values of transparency, professionalism and accountability. The Company continuously endeavors to improve on these aspects on an ongoing basis.

(b) **Board of Directors**

The present strength of board is 8. The Board of Directors comprises a Managing Director, a Joint Managing Director, two Executive Directors and four independent Directors. During the year, 6 Board Meetings were held on 04.04.2011, 13.05.2011, 01.08.2011, 12.08.11, 11.11.2011, and 07.02.2012.

The composition of Board of Directors and their attendance at the meeting during the year and at the last Annual General Meeting and other requisite particulars are given below :

Name of Director	Category of Directorship	No. of Board Meeting attended	Attendance at last AGM	No. of other Directorship
Mr. S.N. Kabra Executive Director	Managing Director	6	Yes	5
Mr. B. Sharma Executive Director	Joint Managing Director	6	Yes	12
Mr. B.M. Banerjee Executive Director	Technical Director	5	Yes	None
Mr. Y. K. Dalmia Independent Director	Director	5	Yes	4
Mr. V. Kabra Executive Director	Director	6	Yes	2
Mr. S. K. Joshi Independent Director	Director	6	Yes	1
Mr. Sanjay Bansal Independent Director	Director	4	Yes	5
Mr. Uttam Jhavar Independent Director	Director	5	No	4

(c) **Audit Committee**

1. Terms of reference : It oversees the Company's financial reporting process and disclosure of its financial informations, to recommend the appointment of statutory Auditors and fixation of their fees, to review and discuss with the Auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit system, major accounting policies, practices and entries, compliances with accounting standards and listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with



## Sreechem Resins Limited

the internal Auditors any significant findings for follow up thereon, to review the Quarterly, Half yearly and Annual financial statements before they are submitted to the Board of Directors.

The Committee also meets the operational management personnel and reviews the operations, new initiatives and performance of the business units. Minutes of the Audit Committee Meetings are circulated to the Members of the Board, discussed and taken note of. The committee performs the functions enumerated in clause 49 of the listing agreement and sec.292 A of the companies Act,1956. The Chief of financial & Accounts section, statutory auditors & internal auditors are invited in its meetings.

### Composition:

The audit Committee was formed in 2002 and was its composition changed in the year 2010. As on today it comprises 2 Non-executive Directors and 1 Executive Director. The committee met 4 times during the year and the attendance of Members at the Meeting was as follows :

Name of Member	Status	No. of Meetings Attended
Mr. Y.K. Dalmia	Chairman	4
Mr. B.M. Banerjee	Member	4
Mr. S. K. Joshi	Member	4

Mr. P.D. Somani, Manager finance & Legal of the company is the Secretary of the Committee.

### d) Composition of Shareholders/ Investors Grievance Committee :

The committee comprises of Mr. B. M. Banerjee as Chairman and Mr. S. K. Joshi & Mr Vikram Kabra as other members. Mr. P. D. Somani, Manager Finance & Legal is the compliance officer of the committee.

### e) REMUNERATION Policy:

Except Managing Director, Joint Managing Director and Executive Directors the remaining directors did not receive any remuneration.

### f) REMUNERATION TO DIRECTORS :

The details of remuneration paid to all the directors during the year are given below :

Name of Director	Salary (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. S.N. Kabra	6,00,000	47448	647448
Mr. B. Sharma	6,00,000	14105	614105
Mr. B.M. Banerjee	1,98,000	NIL	198000
Mr. Y.K. Dalmia	NIL	NIL	NIL
Mr. V. Kabra	3,31,450	NIL	331450
Mr. S. K. Joshi	NIL	NIL	NIL
Mr. Sanjay Bansal	NIL	NIL	NIL
Mr. Uttam Jhawar	NIL	NIL	NIL

### Remuneration Policy

Payment of remuneration to Managing Director, Joint Managing Director, and Executive Directors is governed by the respective agreements executed between them and the company. The Board and the Shareholders approved these agreements.

- (g) The Board has delegated the powers to approve transfer of the Share allotted by the Company to a Committee of Senior Executives. The Committee held 6 Meetings during the year and approved the transfer of the shares lodged with the Company.





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**Sreechem Resins Limited**

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**(h) General Body Meetings:**

The last three Annual General Meetings were held as under :

Financial Year	Date	Time	Location
2010-11	28.09.2011	10-00 A.M	Registered Office
2009-10	29-09-2010	10-00 A.M	Registered Office
2008-09	30-09-2009	10-00 A.M	Registered Office

No special resolutions were required to be put through postal ballot last year.

No special resolutions on matters requiring postal ballot are placed for shareholders' approval at this Meeting.

**(i) Disclosures :**

1. During the year, there were no transactions of material nature with the directors or the management or their relatives that had potential conflict with the interest of the Company.
2. There were no instances of non-compliance on any matter related to the capital markets, during the last three years.

**(j) Means of communication :**

1. Quarterly Results are published in prominent daily newspapers viz. The Statesman, Orissa, The Utkal Orissa.

**(k) General Shareholders' Information:**

1. Annual General Meeting is to be held at 10.00 A.M. On Saturday, the 29th September, 2012 at Regd. Office vill : Jhagarpur, Rajgangpur (Orissa) .
2. Annual results of previous year First week of August  
Mailing of Annual Reports 1st week of September  
First Quarter results Second Week of August  
Annual General Meeting Saturday, 29th September, 2012  
Second Quarter results Second Week of November  
Third Quarter results Second Week of February
3. **Dates of book closure :** From Saturday, 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive).
4. **Listing of Equity Shares at Stock Exchanges :** Shares of the company are listed at Ahmedabad, Bhubneshwar, Kolkata and Bombay (BSE).
5. **Registrar and Share Transfer Agent :** The Registrar and Transfer Agents of the company is M/s. MCS Limited located at 77/2A, Hazra Road, Kolkata-700029.  
The MCS LTD acknowledges and executes transfer of securities, arranges for issue of dividend/ warrants. The MCS LTD. also accepts, deals with, resolves complaints from investors.
6. **Share Transfer System :** The Company's shares are traded in the Stock Exchanges compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within the stipulated time. The Company adopts the transfercum - demat system to facilitate Demat of shares.



## Sreechem Resins Limited

7. Distribution of shareholding as on 31st March, 2012

No. of Shares	Shareholders		Shareholding	
	Nos.	%	Nos.	%
Up to 500	10234	95.09	1385400	34.64
501-1000	312	2.90	265600	6.64
1001-2000	131	1.21	206100	5.15
2001-3000	33	0.30	82900	2.07
3001-4000	16	0.15	57100	1.43
4001-5000	8	0.08	38300	0.95
5001-10000	14	0.13	100200	2.51
10001-50000	9	0.08	145600	3.64
50001-100000	1	0.01	65500	1.64
100000-Above	5	0.05	1653300	41.33
	<b>10,763</b>	<b>100.00</b>	<b>4000000</b>	<b>100.00</b>

8. Categories of Shareholders as on 31st March, 2012:

Category	No. of Shares held	% Shareholding
Financial Institutions	1900	00.05
Foreign Institutional Investors	1000	00.02
Bodies Corporate	1063700	26.59
Directors & Relatives	840400	21.01
Others	2093000	52.33
	<b>4000000</b>	<b>100.00</b>

9. Dematerialization of shares:

As on 31st March 2012, 59.00% of the Company's total shares representing 2357399 shares were held in dematerialized form and the balance 41.00% representing 1642601 shares were held in paper form.

10. Investors Complaints status:

During the year 2 (Two) complaints from SEBI were received and were duly Cleared. No request for dematerialization / Transfer was pending for Equity Shares as on 31st March 2012. All requests received for transfer, dematerializations etc. were dealt with within stipulated time limit of SEBI / Stock Exchanges

**Investors Grievance Redressal System :**

The investors grievances against the company are handled by the company's Registrar and Share Transfer Agents, M/s. MCS Ltd. in consultation with the secretarial department of the company. The Registrars have adequate skilled staff with professional qualifications and equipped with advanced computer systems for speedy redressal of investors grievances. The total process of settlement of a complaint right from its receipt to disposal is fully computerised to ensure timely settlement. It normally takes less than 21 days from the date of receipt of the complaint for disposal of investors grievances.

Review meeting are held at least once in a month between the officials of MCS and the company to discuss the issue relating to share transfer and allied matters, dematerialisation or re-materialization of shares, investors complaint status etc.

Note : Share-holders holding shares in electronic mode should address all correspondences to their respective depository participants.

ISIN No. for Demate of shares is: INE377C01010.

11. Plant Locations

The Company's plants are located at Rajgangpur (Orissa) and Raigarh (Chhattisgarh).